

WEST PENN P&P FEDERAL CREDIT UNION
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First, I would like to commend NCUA for proposing a plan to bailout the Corporate Credit Unions. Is it a good plan or bad? Right now it is a fast and easy way out for the Corporate. There has to be other avenues to look at, for I feel the plan would hurt our credit union and all other credit unions. The role of NCUA and all credit union, corporate boards is "what is best for our members". The plan is not best for our Members!

Listening to the Audio on this situation, Dan Mica, Cuna had a good possible solution, in which, NCUA should consider.

The most important thing that we have to remember is to keep everything within the credit union system, therefore, by keeping the wholesale tier of the corporate system. Yes, changes need to be made in restructure of the Corporate Boards and Management. What is happening at this time has to stop now or it is going to happen again, tightening and eliminating investment authority is a good ideal! NCUA needs to eliminate Appendix B to Part 704 "Expanded Authorities and Requirements" The risk associated with this Appendix is part of what has caused this bailout. NCUA needs to place percentages in Regulation 704 on what a Corporate can invest as far as there own retain earnings/capital and not using the Credit Union Member Capital as part of that percentage in Risk, and for the Members capital to be placed in safe and insured investments. The Corporate has to be more conservative with our Members Money as for it is not theirs! As far as the product and services appropriate for corporate, this has to be based on due diligence and what is best and safe for Member credit unions. Meaning if the product and service that they are presently offering is placing risk on member credit unions, definitely eliminate it and not permit it.

There is possible risk in every product that a credit union offers, from checking, VISA credit/debit and most of all Loans in which we offer. The corporate' face the same risk as we do, the only problem is, that credit unions are more careful with there Investments, so therefore, the risk associated with Investments for the corporate need to be eliminated. Not the product and other services offered, these other services are creating income for the corporate, which are helpful for all credit unions.

A comment was made by the circulation press characterizing "NCUA proposal as a way for the credit union system to cooperatively solve its own internal problems without the need for a federal taxpayer bailout." Well, this is upsetting for it is our Members, whom are taxpayers, who are bailing out the system!

To continue with my comments, now on the field of membership issues, going national in field of membership for corporate has nothing to do with this issue. We can say the same for members Credit Unions and what NCUA has done to them by expanding community Charter credit unions and counties, and what the competition has done to the smaller member credit unions, who could not compete, with Community Charter credit unions, and in the end, forcing mergers.

The issue of corporate capital, the NCUA is on the right track, yes the agency must establish a new required capital ratio and yes, consisting only of core capital, and yes, excluding membership capital accounts as a component of regulatory capital.

The agency or NCUA **does** need to look at the requirements for risk and to increase the required capital ratio based only on core minus Members Capital.

The Investment Risk that the Corporate has caused due to "Junk Purchases" should opens NCUA's eyes to the Changes needed in Regulation 704!

NCUA's considerations to eliminate risk should have been in place long before this proposal. This goes for Investments to Asset Liability, this proposal is telling me that NCUA was too lenient with corporate. The risk was there year's prior and NCUAs risk examination should have pressed the corporate to sell!

The Board of Directors **should not** be paid to be on the Board of a corporate, if NCUA starts requiring them to be paid they are opening the door wider for taxation. Term limits should be applied for how long any one Board member should be on the Board of a Corporate. The last thing NCUA wants to do is bring in outsiders into corporate Boards that are not affiliated with Credit Unions. The problem with the Board of Corporate is whom you know not what you know.

Cutting expenses for a few years to build capital is very important to any business or Financial Institutions. Meaning eliminating unnecessary spending on Annual Dinners, Seminars and Education workshops. With new Technology of Webinars and Audio is a good source to start eliminating expenses. Bonus to Employees is another extra expense **and most of all eliminating employees responsible for this mess. This goes for CEO's, Management and Board Members.**

The corporate system as a whole needs to be changed from the above to Policies and Procedures!

The above comments are everything that NCUA is aware of, and the most important issue here is Investments and the risk that the corporate has placed on the credit unions. What is sad here is that I always believed that we where different from Banks, and that we are more cautious with our Members funds. Well, I got an eye opener, and this has placed a Hugh damper on trust!